

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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(FOR KEY SEE REVERSE)

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25X1A 1. The Medium Machine Industry Ministry (Koezepgepipari Miniszterium) was created in February 1952 out of the Heavy Metal Industry Division of the Foundries and Machine Industries Ministry. Mihaly ZSOFINYEC, who had been Minister of the Foundries and Machine Industries Ministry until that time, was named Minister of the new ministry. The basic organization of this Ministry, which was staffed by 600, was similar to other industrial ministries, e.g. the Foundries and Machine Industries Ministry [REDACTED]. There were probably some differences which I do not know about because of the secret nature of the ministry.

25X1A 2. The designation Medium Machine Industry was a cover name intended to conceal the true nature of the Ministry, which actually was a war industry ministry. The designation Heavy Metal Industry Division was also a cover name for the Division in the Foundries and Machine Industries Ministry intended to conceal purely war production functions. [REDACTED] the Medium Machine Industry Ministry was created in line with the policy of expansion of war production in Hungary "for the defense of peace" and for the purpose of consolidating, coordinating and centralizing all war production in the country.

25X1A 3. This Ministry controlled the production of various war materials (including arms, shells, ammunition, explosives, cannons, tanks, war planes, mines, bombs, armored cars, and all other finished war products) in 1,300 enterprises and factories throughout Hungary. Some of the enterprises were under the complete control of the Ministry, while the Ministry controlled only certain restricted sections producing war materials in others. All enterprises or sections of factories under the control of the Ministry were designated by numbers. Some projects were designated also by names, such as "Asia", "Mexico", and "Africa", which were secret projects located within the installations of the DIMAVAG Machine Factory and War Plant at Diosgyoer [REDACTED]. Such plants or sections of plants were restricted, fenced off, well guarded, and well protected against possible air raids. They were sometimes built underground or in the side of a hill. Special passes were required for entrance.

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4. The Ministry was located in its own building, which formerly housed the State Credit Institute (Orszagos Koezponti Hitelintézet -- OKH), in the immediate vicinity of the Foundries and Machine Industries Ministry buildings on Teleki Pal utca 7, Budapest V. Immediately after the Ministry was set up in the building, special security precautions were taken. All windows were provided with iron bars, and an iron bar partition with a door, allowing only one person at a time to enter, was built in the entrance hall. Only persons with special passes were allowed in the building. Visitors were escorted to and from the offices they visited. The time of their arrival and departure was registered; packages and briefcases were inspected. In all telephone conversations Ministry employees referred to various plants and projects by numbers only. The food containers, in which lunches were brought to the employees from kitchens in the adjoining building of the Foundries and Machine Industries Ministry, were sealed when they were brought in and sealed again with a lead seal when they were taken out empty.

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